

## **COM-1b**

### Facilitators' Straw Proposal On "Netting"

#### Conceptual Proposal

- Each Scheduling Coordinator ("SC") has the option to net within its overall schedule. It can submit one or more "scheduling packages" which will be netted within each package but not between packages.
- Each scheduling package will be treated as if it were the SC's only submission and will be subject to the scheduling requirements for a SC ( e.g., balanced schedules, injections/withdrawals, timelines, revisions etc.).
- Scheduling Thresholds (Forgiveness and Scheduling) will be applied to individual scheduling packages (The 6/13 Thresholds recommendation applies thresholds to a percentage of individual scheduling packages and thus does not provide an incentive or disincentive to use scheduling packages).
- Each scheduling package will be settled as if it were the SC's only submission.
- By 0900 on the day ahead of the operating day, each SC will declare which of their FTRs they do not plan to use. The RTO will make such TRs available to the market as RTRs. The revenue from the sale of such RTRs will be credited to the underlying rights holders to the extent such rights holders do not recall such FTRs. If an SC makes FTRs available to the RTO for sale after the cutoff above, the revenues from such sales will be credited to the RTO congestion management uplift.
- At the conclusion of the schedule validation process on the day prior to the operating day (i.e., 12 noon), the RTO will net all schedules received from all SCs to determine if the aggregate of all submitted schedules is feasible (security assessment). The RTO will determine what transmission becomes available as a result of netting, and may, in order to operate the RTO West system more efficiently, sell such transmission as Firm Scheduling Rights ("FSR") as described below.
- When selling FSRs, the RTO will determine the number of rights to sell using procedures that reflect the historical cost-effectiveness of selling such

rights on each path. The expectation is that the revenue received from selling these rights will exceed the cost of resolving residual congestion resulting from the sales. In the event that the cost exceeds the revenue the RTO will revise its sale procedures accordingly.

- Any revenues received from the sale of FSRs will be credited to the RTO uplift. In the event that the schedules that are netted do not take place in real time, the RTO will resolve the resulting congestion and recover any costs incurred through the RTO congestion management uplift.

Speckman/Wallis

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